FP 16: Asset Liability Management Policy

The County will manage its financial assets in a sound and prudent manner, and maintain and further develop programs to ensure its ability to pay for the County services to enhance economic opportunities and the quality of life of its residents.

The County's elected officials and staffs are representatives of the people of the County and are expected to manage the County for the economic and social benefit of everyone. Staff has a fiduciary responsibility for the assets we manage on behalf of the people who are here today and those who come after us.

The County will seek to incorporate coordinated investment and debt structuring decisions with the goal of such coordination being to use each side of the balance sheet to mitigate, or hedge, cash flow risks posed by the other side of the balance sheet.

The County considers short-term investments to be effective hedges to variable rate debt because movements in interest rates should have offsetting impacts upon both.

- Given the prevalent patterns of business, economic and interest rate cycles, the County's policy will be to strive to match temporary increases in interest income to temporary increases in interest expense through the use of variable rate debt or synthetic variable rate debt.
- This policy recognizes that variable rate debt generally offers lower interest cost and that the use of higher interest income to offset higher interest expense is preferable to creating a budget imbalance due to reliance upon temporarily increased interest income.

The Finance Director is designated to monitor and report on financial market conditions and their impact on performance of debt, investments, and any interest rate hedging products implemented or under consideration.

The Finance Director is designated as the individual responsible for negotiating financial products and coordinating investment decisions for debt structure. The Finance Director is designated as the individual responsible for recommending debt structure to the Board.

The County shall incorporate the use of variable rate debt or synthetic variable rate debt, as allowed by the Debt Management Section of the State Treasurer's Office, into its debt structure. Unhedged variable or synthetic variable rate debt shall not exceed 20% of the County's total, non-Utility debt outstanding.

The County shall maintain an inventory of and assess the condition of all major capital assets. This information will be used to plan for adjustments to the enterprise fund fees and a long-term capital improvement plan.

As required by GASB 34 for capital assets, the County shall maintain an inventory and assess the condition of its major capital assets. The capital plans for the County shall include this information as part of its planning and implementation process.